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State of California  
State Water Resources Control Board

STATE GRANT CONTRACT/AMENDMENT

<input checked="" type="checkbox"/> Grant Contract	Grant Identification No. C-06-1022-110
<input type="checkbox"/> Grant Amendment	Amendment No.
Program CONSTRUCTION OF TREATMENT WORKS	Reference CLEAN WATER BOND LAWS 1970 and 1974
Grantee Name  Sewer Authority Mid-Coastside	Address  501 Main Street Half Moon Bay, CA 94019

Grantee Authorized Representative

Name Fred Mortensen	Address
Title General Manager	501 Main Street
Telephone (415) 726-5566	Half Moon Bay, CA 94019

Project Title and Description

Construction of an intertie pipeline (unit 1)

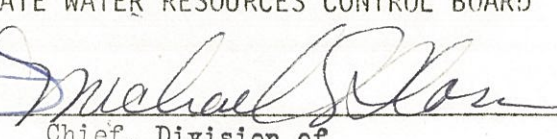
Project Step  
3

Former Grant		Type of Action Continuation
This Action	\$224,750	Total Estimated Eligible Cost \$1,798,000
Amended Total		Special Conditions

SEWER AUTHORITY MID-COASTSIDE  
Grantee/Municipality

STATE OF CALIFORNIA  
STATE WATER RESOURCES CONTROL BOARD

By   
Title General Manager

By   
Title Chief, Division of Audits & Administration

8/21/79  
Date Executed by Grantee

JUL 23 1979  
Date Executed by State Water Resources Control Board

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This contract, effective upon the date executed by the State Water Resources Control Board, is made between the State of California, acting by and through the State Water Resources Control Board, hereinafter referred to as the "State Board" and a municipality duly organized, existing and acting pursuant to the laws of the State of California, hereinafter referred to as the "Grantee";

1. The Clean Water Bond Law of 1970 and 1974 (Chapters 13 and 14, Division 7 of the Water Code) authorizes the State Board to enter into contracts with municipalities to aid in the construction of eligible projects and for reclamation of water; and

2. "Eligible project" means a project for the construction of treatment works which is all of the following:

- a. Eligible for federal assistance pursuant to the Federal Water Pollution Control Act (33 U.S.C., Sec. 1251 et seq.) and acts amendatory thereof;
- b. Necessary to prevent water pollution; and
- c. Certified by the State Board as entitled to priority over other treatment works, and which complies with applicable water quality standards, policies and plans; and

3. The Grantee has made application for a federal grant for construction of an eligible project and said project has been approved and certified by the State Board acting by and through its Division of Water Quality, hereinafter referred to as the "Division"; and

4. The Division has found that the project is eligible for federal assistance, necessary to prevent water pollution, entitled to priority over other treatment works, and complies with applicable water quality standards, policies and plans;

NOW, THEREFORE, the parties hereto agree as follows:

1. Grant Amount. Subject to the terms and conditions of this contract, the State Board agrees to pay to the Grantee an amount which equals 12-1/2 percent of the actual cost of construction of that portion of the project which is eligible for assistance from State grant funds.

2. Bid Procedures and Documents. (Step 3) Grantee agrees:

- a. That all bid procedures and bid documents used in carrying out this project or prepared as an element of this project, including, but not limited to, contracts for services, specifications for bids, statements of work, plans and specifications and construction contracts will comply with applicable state and federal laws, rules, regulations and guidelines.
- b. That plans and specifications upon which bids are solicited will be substantially the same as the final plans and specifications submitted to and approved by the Division as a part of the Grantee's application, unless modification thereof has been approved by the Division.
- c. That adequate methods of obtaining competitive bidding will be employed by the Grantee.

- d. That, promptly upon bid opening, Grantee will advise the Division of any proposed award of construction contracts and will supply the Division with such information and documentation as may be required by the Division to evaluate the bid process, bids received, and award of contracts.

3. Excessive Construction Cost. (Step 3) In the event that the total bid or bids for construction of the project deviate from the estimated cost of construction by more than 15 percent, after adjustment for inflation, the Division may: (a) terminate this contract, or (b) approve the award of construction contracts despite such deviation, which approval shall be deemed to constitute an amendment of this contract, or (c) require the Grantee to reevaluate the project and alternative treatment works at no cost to the State Board, and terminate or amend this contract after reevaluation as the Division deems appropriate.

4. Construction Contracts and Award. (Step 3) Grantee agrees that construction contracts will:

- a. Not be awarded until award has been approved by the Division.
- b. Be awarded in a timely and expeditious manner and not later than the date specified in the Federal grant offer unless a later award is approved in writing by the Division.
- c. Be awarded only to the lowest responsive, responsible bidder or bidders.
- d. Comply with applicable State and Federal laws, rules, regulations and guidelines.
- e. Require the contractor to furnish payment and performance bonds, each of which shall be in an amount not less than 100 percent of the contract price.
- f. Permit the Division, or its authorized agents, to have access to the work whenever it is in preparation or progress and provide that the contractor will provide proper facilities for access and inspection.
- g. Not substantially vary from the contract form submitted to the Division as a part of Grantee's application or specifications unless modification thereof has been approved by the Division.

5. Construction. Grantee agrees that construction of the project will proceed in an expeditious and timely manner and that the project will be constructed and completed in compliance with applicable State and Federal laws, rules, regulations, and guidelines and in conformity with plans and specifications approved by the Division.

6. Changes. Grantee agrees that there will be no change in the project, or in construction contracts pertaining thereto, after award, which (a) substantially alters the design or scope of the project, or (b) substantially alters the design, location, size, capacity or quality of any major items of equipment, or (c) increases

the funds needed to complete the project over the estimated cost of construction except upon prior written approval of the Division. The Grantee shall be responsible for any and all increased costs arising out of any changes made in the project where prior written approval of the Division has not been obtained.

7. Disbursement

- a. Step 1 (Facilities Planning) and Step 2 (Preparation of Plans and Specifications) Payments - Payment for Step 1 and Step 2 project work will usually be made upon completion and approval of the work required to complete the step or, if specified in the payment schedule of the grant agreement, upon completion and approval of specific tasks within the step.
- b. Step 3 (Construction) Payments - Payments for Step 3 project work may be requested as needed to meet the grantee's cash flow requirements. However, payment requests shall not be for less than \$500,000 or less than a 5 percent increment of the eligible cost. For example, a \$100,000 Step 3 would not be paid on less than \$5,000 and a \$20 million Step 3 would be limited to \$500,000 rather than \$1,000,000 which is 5 percent of \$20 million. In addition, there shall be a minimum time of one month between successive grant payment requests.
- c. Notwithstanding the foregoing, Grantee agrees that the State Board may retain an amount up to 10 percent of the grant until final audit.
- d. All retained amounts due to Grantee shall be disbursed after final audit, without interest.

8. Use of Funds and Accounting. Grantee agrees that:

- a. Grant funds will be deposited into a separate fund account or accounts.
- b. Grant funds will be expended solely for construction of the eligible project.
- c. Accounting and fiscal records will be in accordance with generally accepted accounting principles and practices, and records will be maintained until completion of the final audit in sufficient detail to demonstrate that grant funds were used for the purpose for which the grant was made in accordance with the provisions of this contract.
- d. The State Board, or its authorized agents shall have access to any books, documents, papers and records of the Grantee or the Grantee's contractors, or under the possession or control of the Grantee or the Grantee's contractors, that are pertinent to this grant.
- e. An acceptable final account will be rendered by the Grantee within 90 days after completion of the project or within such additional time as may be allowed by the Division.
- f. Grantee will, upon demand, remit to the State Board any grant funds not expended in construction of the eligible project or an amount equal to any grant funds expended by the Grantee contrary to the provisions of this contract.

9. Grantee Assurances. Grantee agrees that:

- a. Grantee will proceed expeditiously with, and complete the eligible project.
- b. Grantee will adopt and implement an approved revenue program prior to requesting disbursement of more than 80 percent of the grant amount. Such revenue program and its implementation will comply with applicable state and federal laws, rules, regulations, and guidelines.
- c. Upon completion of the project, the Grantee will commence operation of the project.
- d. The project will be, at all times, properly operated and maintained in accordance with applicable state and federal laws, rules, regulations and guidelines.
- e. The Grantee will, at all times, provide personnel sufficient in numbers and qualifications to properly operate and maintain its treatment works and such personnel will meet certification requirements of the State Board.
- f. Grantee will, at all times, fulfill any declarations, assurances, representations and statements made by the Grantee in the application, documents, amendments and communications filed in support of its request for grant.
- g. Grantee will, at all times, operate the project in such a manner as to provide service to existing and future participating agencies, persons and users on a fair and equitable basis.
- h. Grantee will fulfill and comply with any special conditions which may be set forth in Exhibit A attached hereto and made a part hereof. Special conditions placed on the Federal grant agreement also apply to this contract.
- i. Grantee will timely pay all expenses connected with construction of the project.
- j. Grantee will indemnify the State of California and the State Board, and their officers, agents and employees against and hold the same free and harmless from any and all claims, demands, damages, losses, costs, expenses, or liability due or incident to, either in whole or in part, whether directly or indirectly, the design, construction, operation, repair, maintenance, existence, of failure of the project or any of its works or facilities.

10. Contingency. Grantee agrees that this contract is contingent upon the Grantee receiving, executing and fulfilling a federal grant agreement providing for federal assistance for the project.

11. Termination.

- a. This contract may be terminated prior to award of construction contracts for the project, by the State Board acting through the Division, at its option, where it appears that there will be lack of state funds available to fulfill this contract, provided that after such termination the Grantee shall be entitled to an amount which equals 12½ percent of eligible project costs which have actually been incurred by the Grantee prior to such termination.
- b. This contract may be terminated prior to completion of the project, by the State Board acting through the Division, at its option, upon any of the following grounds:
  1. Failure of the Grantee to receive or to execute a federal grant agreement for federal assistance for the project.
  2. Failure of the Grantee to fulfill any part of its federal grant agreement resulting in termination of the federal grant agreement.
  3. Termination of the federal grant agreement for any reason.
  4. Failure of the Grantee, after written notice from the Division of the nature of the failure, to comply with the terms, conditions, or provisions of this contract.

In the event of any such termination, Grantee agrees that no further grant funds shall be payable under this contract.

12. Remedies for Breach. In the event of breach by the Grantee of any of the terms, provisions or conditions of this contract prior to completion of the project, which breach results in termination of the contract by the Division, Grantee agrees to repay to the State Board, upon demand, an amount equal to any grant funds disbursed to the Grantee under this contract. Grantee agrees that this remedy is in addition to and not in derogation of any other legal or equitable remedy available to the State Board as a result of breach of this contract by the Grantee, whether such breach occurs before or after completion of the project.

13. Amendment. This contract may be amended by mutual written agreement of the parties hereto.

14. Fee. The Grantee agrees that a grant eligible fee of one-half of one percent may be charged in accordance with State Board Regulations and Guidelines.

